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OTTAWA -- Decisions about how the Canadian Broadcasting Corporation will deal with the cumulative \$140 million in budget cuts over the next four years announced by the federal government in its April 1989 budget, as well as the additional \$18 million the CBC must absorb for unfunded inflationary costs in the coming fiscal year, were announced today by CBC President Gérard Veilleux.

In establishing its strategy, the Corporation's Board of Directors has benefited from an examination of all CBC operations, a process which involved consultation with management and staff at all levels and in all areas of the Corporation.

The plan is based on the following principles:

First, the primary emphasis will be placed on the maintenance of the Corporation's core services -- English and French radio and television.

Second, the plan will implement real cost reductions, rather than relying on increasing our commercial revenues.

Third, savings will be realized by simplifying management reporting lines through restructuring and eliminating or consolidating administrative functions.

Fourth, the Corporation will pursue additional cost saving opportunities that were identified in the staff consultative process which because of their complexity, require further study and a longer period for implementation.

And fifth, in order to minimize the negative effects of having to make cuts over the next four years, the Corporation will implement the plan over three years, with the heaviest concentration of cuts coming in the first year.

"It's very important to get the cuts over as soon as possible. Delay will only increase uncertainty and erode creativity," said CBC President Gérard Veilleux.

"By identifying exactly what needs to be done to meet our financial objectives, and by concentrating reductions in the first three years, CBC staff will benefit from the stability that comes from established budgets. Only then will we be able to turn the page and look to the future," he said.

For the fiscal year 1990/91, beginning April 1, the CBC must meet the federal government's first year budget cut, as well as unfunded inflationary costs. To do this, \$20 million will be cut from administration and support operations and \$15 million from media budgets.



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Reductions have also been identified to allow the CBC to realize the remainder of the required \$140 million over the following two years; that is, 1991/92 and 1992/93.

"We will achieve these cuts by changing the basic approach to managing the Corporation," said Mr. Veilleux. "These changes mean we will have to put in place new accountability mechanisms," he said.

Generally, support services will be managed on a location by location basis to ensure direct support to media operations. Head Office will exercise strong authority over corporate policies, standards and procedures. Media Vice-Presidents and Regional Directors will assume day-to-day management for support activities once the appropriate accountability mechanisms are in place.

"In further decentralizing the management of our operations, we will remove a number of administrative layers and save a significant amount of money and improve management efficiency and productivity," said Mr. Veilleux.

As part of this decentralization process, the Corporation's Head Office in Ottawa will be severely reduced. Specifically:

- . The management of **Human Resources, Finance, Engineering and Supply and Services** will be decentralized, for the most part, to the Regions and Network centres in Toronto and Montreal.
- . **Supply and Services** is being closed and the position of Executive Director eliminated. Activities will be reduced and redistributed. The materials management, and office services functions, will move to Finance (to be renamed Finance and Administration); telecommunications will move to Management Information Systems.
- . The current **Communications** department at Head Office will be effectively disbanded and the position of Vice-President, Communications eliminated. Authority for all network and regional communications activities will be delegated to the media Vice-Presidents. Policy direction and national communications activities will remain at Head Office. Further savings will be effected through the elimination of the current Head Office administrative support structure.

- . Head Office retains direct responsibility for Planning, Internal Audit, Management Information Systems, and Industrial and Talent Relations. These areas will also contribute to overall budget savings.

Management and administration throughout the Corporation will be reduced wherever possible, and as far as practical, cuts to media budgets will be made through cutting management and lowering production overhead. There will also be an impact on radio and television programming.

- . To help in identifying the reductions in media budgets, there will be a detailed review of production practices in the coming months.
- . A special task force will be established to advise the President by April 1 on the reporting and operational relationships between the Regions, the Networks and Head Office.
- . CBC Enterprises will disappear as a separate operating unit, resulting in major savings, and the position of General Manager will be eliminated. Its program sales and related activities will be transferred to media Vice-Presidents.

"These decisions will have a profound impact and some 500 positions will be affected," said Mr. Veilleux. "Every effort will be made to reduce staff through attrition and early retirements, but some layoffs will be inevitable."

The President said that, with these reductions, most efficiency and productivity gains will have been obtained and few further savings will be possible in these areas.

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